



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jim McBride

SUBJECT: FESTIVAL COST RECOVERY SURVEY **DATE:** May 24, 2004

Approved

/s/

Date

BACKGROUND

This memo responds to Councilmember Chavez's request for information during the Budget Study Session, regarding a survey of how other cities and counties recover festival support costs.

ANALYSIS

A brief survey of cities and counties was conducted by Office of Cultural Affairs staff on May 20-21, 2004. Responses were sought from entities that either support a similar number of outdoor events as the City of San José, or are located in the Bay Area. The information obtained, which may not present a complete picture of each entity's cost recovery policies, is presented in the attached table.

The Event Working Group (EWG), an interdepartmental City team headed by Parks, Recreation and Neighborhood Services Director Sara Hensley, is examining issues related to the cost of City services in support of San José's outdoor special events, from both the City department and event producer perspective. This is one of seven special event topics that are under review as a result of the City Council's *Getting Families Back to Work* initiatives of September and November 2003.

Later this calendar year, the EWG will provide City Council with a more in-depth comparison of this City's policies and those of other cities, and will recommend City policy and procedure regarding City services costs.

/s/

JIM McBRIDE

Acting Director, Conventions, Arts and Entertainment

Attachment

SURVEY: Festival cost recovery, selected government entities.

| Government entity | Estimated # of annual outdoor events | Estimated % of City costs recovered | Pricing structure: non-profit vs. for-profit | Are free City services offered? |
|--------------------------|---|--|---|--|
| Atlanta, GA | At least 200 | 100% | <p>Commercial:</p> <p>Class A (50,000 or more attendees)\$15,000</p> <p>Class B (20,000-49,999 attendees)8,000</p> <p>Class C (10,000-19,999 attendees)5,000</p> <p>Class D (2,000-9,999 attendees)2,500</p> <p>Class E (250-1,999 attendees).....500</p> <p>Non-Commercial</p> <p>Class A (50,000 or more attendees)\$9,000</p> <p>Class B (20,000-49,999 attendees)3,000</p> <p>Class C (10,000-19,999 attendees)1,500</p> <p>Class D (2,000-9,999 attendees)750</p> <p>Class E (250-1,999 attendees).....250</p> <p>To the extent that any festival may require additional City costs in excess of the above fee, applicant is required to reimburse the cost.</p> | City Council ordinance: “It is the intent of the City that, insofar as is possible, the costs to the City in providing services to festivals are recouped, although it is not the intention that the cost of festival permit fees be used for revenue production.” |
| Austin, TX | 100’s | 100% | All organization pay the same | Only when approved by City Council |
| Boston, MA | 1,000 | Respondent indicated “very little” (website has no mention of event costs) | Respondent was unable to provide this information. | Approximately 100 events have been grandfathered in as “long-standing” events - they don’t pay for any services. |
| Chicago, IL | 400 | On average, 40-60%. | Yes, on a case-by-case basis. | City services provided Monday-Friday, up to 4:30 p.m., are at no cost. Police services for parades are at no cost. |
| Dallas, TX | 566 | 100% | No: Fees are based on attendance. Exception: Fee for use of City Hall Plaza is less for non-profit events. | Considering a \$100,000 “in-kind grant” program to provide City services for events. If passed, will begin 07.01.04. |

SURVEY: Festival cost recovery, selected government entities, continued.

| Government entity | Estimated # of annual outdoor events | Estimated % of City costs recovered | Pricing structure: non-profit vs. for-profit | Are free City services offered? |
|---------------------------|--|-------------------------------------|--|--|
| Oakland, CA | 30 | 75% | Non-profit events may receive a grant (grant pool is \$142,000 - about 10 events receive grants). | Some park costs waived for non-profit events - decision made by Parks Commission. |
| San Diego, CA | 500 | 75% | Up to \$1,000 credit for City services is given to certified 501(c) non-profits. Events billed for actual services provided, less \$1,000 if applicable. Considering increase in police flat rate for <u>commercial</u> events only (see next column). | First 2 hours of Fire/Rescue standby & inspection services free during customary business hours. City subsidizes difference between actual police cost and flat rate paid by events - currently \$55/hr security and \$22/hr traffic control. (Rates discounted for the community & economic development contributions of events.) Considering an increase in commercial event flat rate, to \$75/hr security; \$30/hr traffic control. |
| Washington, DC | 300 | 100% | No | No |
| County of Miami, FL | 500 | 10-25% | Typically, for-profit events are not given free services, but it has happened. | Committee decides which events receive free services on a case-by-case basis. Use of City portable stages and police security services may be provided at no cost. |
| County of Santa Clara, CA | Respondent could not provide information | Full cost recovery | Non-profit events pay \$40.57 for deputies; for-profit events pay \$67.71. | No. |
| San José, CA | 400+ | 99.6% | No | Waiver of costs would be determined on a case-by-case basis by City Council. |